

106TH CONGRESS  
1ST SESSION

# H. CON. RES. 190

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IN THE SENATE OF THE UNITED STATES

OCTOBER 27, 1999

Received

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## CONCURRENT RESOLUTION

Urging the United States to seek a global consensus supporting a moratorium on tariffs and on special, multiple, and discriminatory taxation of electronic commerce.

Whereas electronic commerce is not bound by geography and its borders are not easily discernible;

Whereas transmissions over the Internet are made through packet-switching, making it impossible to determine with any degree of certainty the precise geographic route or endpoints of specific Internet transmissions and infeasible

ble to separate domestic from foreign Internet transmissions;

Whereas inconsistent and inadministrable taxes imposed on Internet activity by subnational and national governments threaten not only to subject consumers, businesses, and other users engaged in interstate and foreign commerce to multiple, confusing, and burdensome taxation, but also to restrict the growth and continued technological maturation of the Internet itself;

Whereas the complexity of the issue of domestic taxation of electronic commerce is compounded when considered at the global level with almost 200 separate national governments;

Whereas the First Annual Report of the United States Government Working Group on Electronic Commerce found that fewer than 10,000,000 people worldwide were using the Internet in 1995, that more than 140,000,000 people worldwide were using the Internet in 1998, and that more than 1,000,000,000 people worldwide will be using the Internet in the first decade of the next century;

Whereas information technology industries have accounted for more than one-third of real growth in the United States' Gross Domestic Product over the past 3 years;

Whereas information technology industries employ more than 7,000,000 people in the United States, and by 2006 more than half of the United States workforce is expected to be employed in industries that are either major producers or intensive users of information technology products and services;

Whereas electronic commerce among businesses worldwide is expected to grow from \$43,000,000,000 in 1998 to more

than \$1,300,000,000,000 by 2003, and electronic retail sales to consumers worldwide are expected to grow from \$8,000,000,000 in 1998 to more than \$108,000,000,000 by 2003;

Whereas the Internet Tax Freedom Act of 1998 enacted a policy against special, multiple, and discriminatory taxation of the Internet and electronic commerce, and stated that United States policy should be to seek bilateral, regional, and multilateral agreements to remove barriers to global electronic commerce;

Whereas the World Trade Organization, at its May 1998 ministerial conference, adopted a declaration that all 132 member countries “will continue their current practice of not imposing customs duties on electronic transmissions”;

Whereas the Organization for Economic Cooperation and Development and industry groups issued a joint declaration at an October 1998 ministerial meeting on global electronic commerce opposing special, multiple, and discriminatory taxation of the electronic commerce and the Internet;

Whereas the Committee on Fiscal Affairs of the Organization for Economic Cooperation and Development has stated that neutrality, efficiency, certainty, simplicity, effectiveness, fairness, and flexibility are the broad principles that should govern the taxation of electronic commerce;

Whereas the United States has issued joint statements on electronic commerce with Australia, the European Union, France, Ireland, Japan, and the Republic of Korea opposing special, multiple, and discriminatory taxation of electronic commerce; and

Whereas a July 1999 United Nations Report on Human Development urged world governments to impose “bit taxes” on electronic transmissions, raising concerns that United States policy against special, multiple, and discriminatory taxation of the Internet may be undermined: Now, therefore, be it

1       *Resolved by the House of Representatives (the Senate*  
 2 *concurring)*, That the Congress—

3               (1) urges the President to seek a global con-  
 4       sensus supporting—

5                       (A) a permanent international ban on tar-  
 6       iffs on electronic commerce; and

7                       (B) an international ban on bit, multiple,  
 8       and discriminatory taxation of electronic com-  
 9       merce and the Internet;

10               (2) urges the President to instruct the United  
 11       States delegation to the November 1999 World  
 12       Trade Organization ministerial meeting in Seattle,  
 13       Washington to seek to make permanent and binding  
 14       the moratorium on tariffs on electronic trans-  
 15       missions adopted by the World Trade Organization  
 16       in May 1998;

17               (3) urges the President to seek adoption by the  
 18       Organization for Economic Cooperation and Devel-  
 19       opment, and implementation by the group’s 29  
 20       member countries, of an international ban on bit,

1 multiple, and discriminatory taxation of electronic  
2 commerce and the Internet; and

3 (4) urges the President to oppose any proposal  
4 by any country, the United Nations, or any other  
5 multilateral organization to establish a “bit tax” on  
6 electronic transmissions.

Passed the House of Representatives October 26,  
1999.

Attest:

JEFF TRANDAHL,  
*Clerk.*